



DAVID E. JANSSEN
Chief Administrative Officer

County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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Harvard

September 13, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**AMENDMENT NO. 1 TO LEASE NO. 72923
DEPARTMENT OF HEALTH SERVICES
15643 SHERMAN WAY, SUITE 200, VAN NUYS
(THIRD DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign Amendment No. 1 to Lease No. 72923 with Gelb Living Trust (Lessor), for 3,712 rentable feet of office space and twenty-two parking spaces located at 15643 Sherman Way, Van Nuys, for use by the Department of Health Services-Health Facilities Division (DHS-HFD), North District Office at an initial annual rental rate of \$71,688. The rental costs are 100 percent funded by State subvention. The five-year lease term will commence upon adoption by the Board.
2. Find that the project is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since December, 1994, DHS-HFD has occupied approximately 3,712 rentable square feet of office space at the subject facility. The office houses approximately 17 staff that provides services for the North District of the County.

The DHS-HFD North District Office administers the licensing program for convalescent and extended care facilities in the San Fernando, Santa Clarita and Antelope Valleys. As a result, this facility is central to the facilities in the service area which it serves.

The existing lease term expired August 7, 2005, and we are currently operating in the space on a month-to-month holdover basis. DHS-HFD has requested that a lease extension be executed for the uninterrupted continuance of their operations at the facility. Adoption of the lease amendment will provide DHS-HFD the central office space necessary for the region.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we enhance the quality and productivity of the County workforce (Goal 2) and that we strengthen the County's fiscal capacity (Goal 4). In this case, the proposed lease amendment supports the goals with suitably located office space and appropriate workspace for DHS-HFD and we are housing a funded program in leased space as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease amendment will provide DHS-HFD uninterrupted use of 3,712 rentable square feet of office space and 22 parking spaces at a monthly rent of \$5,974, or \$71,688 annually, subject to consumer price index (CPI) annual adjustments capped at three percent, for the remaining term of the lease.

15643 SHERMAN WAY VAN NUYS	EXISTING LEASE	PROPOSED AMENDMENT	CHANGE
Area (square feet)	3,712	3,712	None
Term	08/08/2000 - 08/07/2005 currently month-to-month	five years upon Board adoption	+ five years
Annual Base Rent	\$69,599 or \$18.75/sq. ft., full-service gross	\$71,688 or \$19.32/sq. ft., full-service gross	+ \$2,089 or \$.57/sq.ft.
Tenant Improvements	None	New carpet and paint	+ \$18,560 or \$5/sq.ft. (estimate)
Parking (included in base rent)	22 off-street spaces	22 off-street spaces	None
Cancellation	County with 90 days prior written notice	County after 2 years with 90 days prior written notice	+ two years
Option to Renew	One five-year option	One five-year option	None
Purchase Right	None	None	None
Rental Adjustment	CPI capped at 3% per year	CPI capped at 3% per year	None

This is a full-service lease whereby the Lessor is responsible for all operating costs associated with the County's occupancy. The rental rate of \$1.61/\$19.32 per square foot per month/year is subject to annual CPI increases capped at three percent beginning at the second year of the extended lease term. Parking is included in the proposed rental rate as are the tenant improvements, specifically as relates to new paint and carpet.

Sufficient funding for the base rent of the proposed amendment is included in the 2005-06 Rent Expense budget and will be billed back to DHS-HFD. Sufficient funding is available in the DHS-HFD operating budget to cover projected lease costs. The rental cost for DHS-HFD is 100 percent offset by State funding.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County has been housed at this location since December 1994 on a single floor for the described operation when the office space was occupied for County use. The proposed amendment will provide uninterrupted use of 3,712 rentable square feet of office space and 22 parking spaces. DHS-HFD intends to directly purchase new furniture for the refurbishment of the existing offices.

The proposed amendment extends the term under the lease as follows:

- Commencement of the new rent and five-year term upon approval by your Board;
- A full-service gross basis with the Lessor responsible for all operating and maintenance costs;
- The Lessor will provide new carpet and paint for the subject facility at its own expense subject to County specifications;
- A cancellation provision at or anytime after two years by giving 90 days prior written notice.

The CAO Real Estate Division staff conducted a survey within the project area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could suitably accommodate this requirement. Based upon said survey, staff has established that the rental range for similar space is between \$17.40 and \$25.40 per square foot per year full-service gross. Because the approved square footage for this operation was 3,045 square feet, the price per approved square foot would be \$23.54 annually; therefore, the proposed lease is still within the surveyed rental range. Attachment B shows County-owned or leased facilities in the proximity of the service area and there are no suitable County-owned or leased facilities available for the program.

The Department of Public Works has completed a seismic inspection of the facility and found it suitable for the County's continued occupancy.

The construction and operational costs associated with a childcare facility at this location are not financially feasible for the Department at this time.

LEGAL/NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by the Board on November 17, 1987, and Section (b) of the State CEQA Guidelines.

The Honorable Board of Supervisors
September 13, 2005
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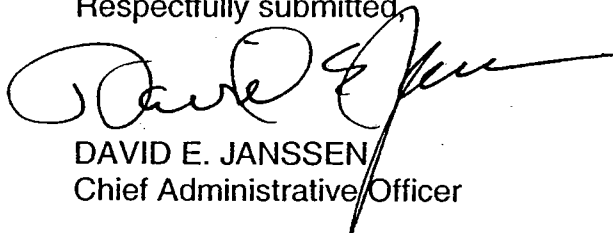
IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease amendment is in the best interests of the County and will provide the space necessary for DHS-HFD to continue program operations. In accordance with your Board policy on the housing of any County offices or activities, the DHS-HFD concurs in the lease recommendation.

CONCLUSION -

It is requested that the Executive Officer, Board of Supervisors return two originals of executed Amendment No. 1 to Lease No. 72923, the certified copy of the Minute Order and the adopted, stamped Board letter to the CAO Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", is written over the typed name and title.

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CEM:NCH:hd

c: County Counsel
Auditor-Controller
Department of Health Services

15643ShermanWay.b

DEPARTMENT OF HEALTH SERVICES – HEALTH FACILITIES DIVISION
15643 SHERMAN WAY, VAN NUYS
Asset Management Principles Compliance Form¹

1.	Occupancy		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ² The program administers licensing program for convalescent and extended care facilities from an existing leasehold facility (North District Office).		X	
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² Ratio at 218 sf/person. Program has several staff working primarily in the field.		X	
	E	Does lease satisfy 80% parking rule? ²	X		
2.	Capital				
	A	Should this program be in leased space to maximize State/Federal funding?	X		
	B	If not, is this a long term County program?	X		
	C	Is it a substantial net County cost (NCC) program? 0% NCC		X	
	D	If yes to 2 B or C; is it a capital lease or an operating lease with an option to buy?		X	
	E	If no, are there any suitable County-owned facilities available?		X	
	F	If yes, why is lease being recommended over occupancy in County-owned space?			X
	G	Is Building Description Report attached as Attachment B?	X		
	H	Was build-to-suit or capital project considered? Space requirement does not meet requirement to consider these types of projects.		X	
3.	Portfolio Management				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?	X		
	D	Why was this program not co-located?			
		1. ___ The program clientele requires a "stand alone" facility.			
		2. <u>X</u> No suitable County occupied properties in project area.			
		3. ___ No County-owned facilities available for the project.			
		4. ___ Could not get City clearance or approval.			
		5. ___ The Program is being co-located.			
	E	Is lease a full service lease? ²	X		
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
		¹ As approved by the Board of Supervisors 11/17/98			

²If not, why not?

ATTACHMENT B

DEPARTMENT OF HEALTH SERVICES-HEALTH FACILITIES DIVISION
SPACE SEARCH - WITHIN A FIVE-MILE RADIUS

LACO	FACILITY NAME	ADDRESS	OWNERSHIP	SQUARE GROSS	FEET NET	SQUARE FEET AVAILABLE
5858	DHS-PACOIMA PUBLIC HEALTH CENTER	13300 VAN NUYS BLVD, PACOIMA 91331	OWNED	5404	3098	NONE
A213	DHS-NORTH DISTRICT HEALTH FACILITIES OFFICE	15643 SHERMAN WAY, VAN NUYS 91406	LEASED	3712	3600	NONE
A316	SHERIFF-NORTH HILLS T.R.A.P. UNIT	8353 N SEPULVEDA BLVD, NORTH HILLS 91343	LEASED	1500	1500	NONE
D310	DPSS-EAST VALLEY WS DISTRICT OFFICE	14545 LANARK ST, PANORAMA CITY 91402	OWNED	96360	39588	NONE
6359	MID VALLEY-SAN FERNANDO VALLEY SERVICE CENTER	7555 VAN NUYS BLVD, VAN NUYS 91405	FINANCED	17698	10623	NONE
A383	DHS-SAN FERNANDO DISTRICT ENVIRONMENTAL HEALTH	6851 LENNOX AVE, VAN NUYS 91405	LEASED	7537	7160	NONE
A494	PROBATION-VAN NUYS JUVENILE SERVICES ANNEX	7100 VAN NUYS BLVD, VAN NUYS 91405	LEASED	1900	1710	NONE
A494	PROBATION-VAN NUYS JUVENILE SERVICES ANNEX	7100 VAN NUYS BLVD, VAN NUYS 91405	LEASED	2484	2360	NONE
A491	PROBATION-VAN NUYS AREA JUVENILE SERVICES	14540 HAYNES ST, VAN NUYS 91411	LEASED	13500	11475	NONE
A565	APD - VAN NUYS OFFICE	14553 DELANO ST, VAN NUYS	LEASED	2750	2612	NONE
4705	PROBATION-EAST SAN FERNANDO VALLEY AREA OFFICE	14414 W DELANO ST, VAN NUYS 91401	OWNED	15825	8362	NONE
5273	VAN NUYS COUNTY ADMINISTRATIVE CENTER BLDG	14340 W SYLVAN ST, VAN NUYS 91401	OWNED	9849	6992	NONE
7278	VAN NUYS COURTHOUSE - EAST	6230 SYLMAR AVE, VAN NUYS 91401	OWNED	180296	88650	NONE
4400	VAN NUYS COURTHOUSE - WEST	14400 ERWIN ST, VAN NUYS 91402	FINANCED	320391	125801	NONE
Y472	VAN NUYS COURTHOUSE-BUILDING A	6280 SYLMAR AVE, VAN NUYS 91401	OWNED	4740	3165	NONE
Y473	VAN NUYS COURTHOUSE-BUILDING B	6280 SYLMAR AVE, VAN NUYS 91401	OWNED	4740	3148	NONE
Y474	VAN NUYS COURTHOUSE-BUILDING C	6280 SYLMAR AVE, VAN NUYS 91401	OWNED	4740	3148	NONE
Y476	VAN NUYS COURTHOUSE-BUILDING E	6280 SYLMAR AVE, VAN NUYS 91401	OWNED	3373	1987	NONE
Y477	VAN NUYS COURTHOUSE-BUILDING F	6280 SYLMAR AVE, VAN NUYS 91401	OWNED	576	495	NONE
T027	VAN NUYS COURTHOUSE-TRAILER C	6230 SYLMAR AVE, VAN NUYS 91401	OWNED	3164	2824	NONE
T026	VAN NUYS COURTHOUSE-TRAILER D	6230 SYLMAR AVE, VAN NUYS 91401	OWNED	8116	7086	NONE
Y442	VAN NUYS COURTHOUSE-TRAILER F	14400 W DELANO ST, VAN NUYS 91401	OWNED	11037	6470	NONE
A145	CHILD SUPPORT SERVICES-DIVISION I HEADQUARTERS	15531 VENTURA BLVD, ENCINO 91436-3157	LEASED	45775	30602	NONE
A276	DCFS-REGION V NORTH HOLLYWOOD SERVICE OFFICE	12020 CHANDLER BLVD, NORTH HOLLYWOOD 91	LEASED	43268	41105	NONE

**AMENDMENT NO. 1 TO LEASE NO. 72923
15643 SHERMAN WAY, SUITE 200, VAN NUYS**

THIS AMENDMENT NO. 1 TO LEASE NO. 72923 (the "Amendment") made, entered and dated as of this _____ day of _____, 2005 by and between GELB LIVING TRUST, hereinafter referred to as "LESSOR" and the COUNTY OF LOS ANGELES, a body corporate and politic, hereinafter referred to as "LESSEE".

WITNESSETH

WHEREAS, a Lease and Agreement was executed by and between the Gelb Living Trust as Lessor, and the County of Los Angeles as Lessee, on August 8, 2000, whereby the Lessor leased to Lessee those certain premises containing approximately 3,712 rentable square feet of office space in a building located at 15643 Sherman Way, Van Nuys (the "Premises"), for a term of five years, and;

WHEREAS, Lessor and Lessee desire to extend the Lease Term and amend the terms of the Lease and;

WHEREAS, the terms of this Amendment No. 1 to Lease No. 72923 shall not become effective until such time that said Amendment is executed by all parties herein.

NOW, THEREFORE, in consideration of the foregoing recitals, and mutual covenants, promises, and conditions hereinafter contained, the parties hereby agree, effective upon approval of this lease Amendment No. 1 by the Board of Supervisors, to amend said Lease No. 72923 as follows:

1. **TERM:** Effective upon execution of this Amendment by the parties herein, Paragraph 2.A., ORIGINAL TERM, is deleted in its entirety and the following substituted therefor:

The Extended Term of this Lease shall be five (5) years commencing upon approval of this Amendment by the Board of Supervisors of the County of Los Angeles and ending five (5) years thereafter (the "Extended Term"), unless otherwise extended or renewed, or terminated earlier in accordance with the conditions and provisions contained herein or in future amendment(s) executed in writing between the Lessor and Lessee.

2. **RENT:** Effective upon execution of this Amendment by the parties hereto, and for the remainder of the Extended Term but not retroactively, Paragraph 3, RENT, is hereby deleted in its entirety and following is substituted therefor:

The Lessee hereby agrees to pay as rent for the Premises during the Extended Lease Term, the sum of five thousand nine hundred seventy-three and 90/100 dollars (\$5,973.90) per month, i.e., \$1.61 per rentable square foot per month, payable in advance by Auditor's General Warrant. Rental payments shall be payable within fifteen days after the first day of each and every month of the term

hereof, provided Lessor has caused a claim therefore for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

3. **CANCELLATION:** Effective upon execution of this Amendment by the parties hereto, Paragraph 5, CANCELLATION, is hereby deleted in its entirety and the following is substituted therefor:

Lessee shall have the right to cancel this Lease at or any time after two years from the commencement of the Extended Term by providing the Lessor at least ninety (90) days prior written notice by Chief Administrative Office letter.

4. **PARKING:** Effective upon execution of this Amendment by the parties hereto, Paragraph 20, PARKING, the second and third paragraphs are hereby deleted in their entirety and the following is substituted therefor:

Lessor shall use its best effort to provide Lessee with sixteen (16) exclusive and six (6) non-exclusive spaces (labeled "Visitor and County") at all times. If Lessor provides fewer than twenty-two (22) spaces, Lessee may at its sole discretion negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

Notwithstanding the above, failure of the Lessor to provide a minimum of twenty-two (22) spaces at all times shall entitle Lessee to cancel this Lease and Agreement by giving the Lessor fifteen (15) days advance written notice of such cancellation.

5. **RENTAL ADJUSTMENT:** Effective upon execution of this Amendment by the parties herein, Paragraph 21, RENTAL ADJUSTMENT, will be amended as applicable to reflect the new base rent indicated herein (\$5,973.90), and annual increases in no event will adjust greater than three percent (3%) per year of the base rent (i.e. \$179.22 per month).
6. **YEAR 2000 COMPLIANCE:** Effective upon execution of this Amendment by the parties herein, Paragraph 26 of the original lease is deleted in its entirety.
7. **PREPARATION OF PREMISES:** Effective upon execution of this Amendment by the parties herein, Lessor will immediately facilitate the improvements to the Premises per the County Renewal Specifications and attached hereto as Exhibit A.

All other terms and conditions contained in Lease No. 72923 shall remain unchanged and in full force and effect and are hereby reaffirmed.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 1 to Lease No. 72923 or caused it to be duly executed, and the County of Los Angeles, by the order of its Board of Supervisors, has caused this Amendment No. 1 to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR:

GELB LIVING TRUST

By 

Name: Ricky M. Gelb

Title: Trustee

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk
of the Board of Supervisors

LESSEE:

COUNTY OF LOS ANGELES

By _____

Deputy

By _____

Chair, Board of Supervisors

APPROVED AS TO FORM:
Office of the County Counsel

By 

Amy M. Caves

Senior Associate County Counsel

EXHIBIT A

COUNTY RENEWAL SPECIFICATIONS

DEPARTMENT HEALTH SERVICES DEPARTMENT 15643 Sherman Way, Van Nuys

New finishes shall include:

1. Carpet:

- A. Replace existing carpet throughout.
- B. Carpet shall be 28 oz. Level loop, glue down installation, With minimum 10 year warranty.
- C. Specify carpet by "MANNINGTON COMMERCIAL" or approved equal. Style and color selection to be selected at later date by County designer.
- D. The base will be matching carpet coving.

2. Vinyl Composite Tile:

- A. Install V.C.T. at lunch room, waiting area, MCR and storage rooms.
- B. Specify Armstrong "Premium Excelon", or approved equal. Select from manufacturer's standard – Size 12"x12"x1/8" gauge. Style and color selection to be selected at later date by County designer.
- C. Specify Armstrong "Excelon SDT" at MCR Room

3. Topset Base:

- A. Install topset base at lunch room, waiting area, storage rooms and MCR.
- B. Specify Burke, Johnsonite, or approved equal.

4. Paint:

- A. Paint all existing interior spaces including, but not limited to walls, doors, and trim. Provide one primer coat and two finish coats.
- B. Provide one Base color and two accent colors:
- C. Paint by "Frazee", "Dunn Edwards", or approved equal.

Finishes: Office areas - eggshell finish.
Lunch Rooms: semi-gloss.

5. Ceilings:

- A. Replace all damaged, stained and/or missing ceiling tiles pattern to match existing acoustic tiles throughout.

6. Window Coverings:

- A. Replace all damaged mini-blinds at all exterior/interior windows.
- B. Install 1" mini-blinds as needed, match existing color of the blinds. Coordinate with building standard as required.
- C. Mini-Blinds by "Levolor" or approved equal.